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SENATE

{ REPORT
{ No. 655

CONVEYING HOSPITAL EQUIPMENT AND MAKING GRANTS-IN-AID TO THE REPUBLIC OF THE PHILIP- PINES FOR PHILIPPINE SCOUTS

AUGUST 20 (legislative day, AUGUST 1), 1951.—Ordered to be printed

Mr. STENNIS, from the Committee on Armed Services, submitted the
following

REPORT

[To accompany H. R. 1216]

The Committee on Armed Services, to whom was referred the bill (H. R. 1216) to authorize the President to convey and assign all equipment contained in or appertaining to the United States Army Provisional Philippine Scout Hospital at Fort McKinley, Philippines, to the Republic of the Philippines and to assist by grants-in-aid the Republic of the Philippines in providing medical care and treatment for certain Philippine Scouts hospitalized therein, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

AMENDMENTS TO THE BILL

On page 2, line 6, change "Seventy-sixth" to "Seventy-eighth".

On page 3, line 11, after the word "conditions" insert "and limitations".

PURPOSE OF THE BILL

The purpose of this bill is to insure that medical care and treatment will continue to be provided to certain members of the Philippine Scouts who are currently hospitalized in the Provisional Philippine Scout Hospital located at Fort McKinley, Philippine Islands, by authorizing the transfer to the Republic of the Philippines of all equipment contained in or appertaining to that hospital and by providing for reimbursing the Government of the Republic of the Philippines for sums spent in providing this medical care during the next five years.

EXPLANATION OF THE BILL

The Act of February 2, 1901, authorized the President to organize the Philippine Scouts. This organization was a part of the United States Army.

Upon the attainment of Philippine independence and the organization of military forces by the Republic of the Philippines it was no longer appropriate to maintain this force in the Philippines as a part of the United States Army. The organization is therefore being phased out of existence.

At the present time the only remaining members of the organization are patients in the United States Provisional Philippine Scout Hospital located at Fort McKinley.

It is not reasonable to separate these individuals from the military service of the United States so long as they require hospitalization, unless specific arrangements are made to continue such hospitalization.

PROVISIONS OF THE BILL

The building in which the United States Provisional Philippine Scout Hospital is located has previously been transferred to the Republic of the Philippines. The equipment in the hospital, having a total acquisition cost of approximately \$400,000, is still the property of the United States.

Property and equipment which was provided for from nonappropriated funds, and which may be located in the hospital, is not included in the transfer contemplated by this bill. Although the hospital is being operated by United States Army Medical Corps personnel, operations for the past 4 years have been on a comparatively limited basis because of the reduction in size of the hospital load.

The only patients entitled to hospitalization in this hospital at the present time are those members of the Philippine Scouts who at the present time require hospitalization. This number is being reduced and now approximates 50 patients. At the time the legislation was drafted, the number of patients was 340. It had decreased to about 150 by the time the bill was presented to the House Armed Services Committee.

It is proposed that this hospital equipment will be transferred to the Philippine Government. In exchange therefor the Philippine Government will agree to provide effective hospital treatment for those members of the Philippine Scouts currently undergoing treatment at the hospital until such time as further hospitalization for them is unnecessary. This will release approximately 84 American personnel, some of whom are in professional and technical categories critically needed elsewhere.

Further, the United States agrees to reimburse the Philippine Government for a period of 5 years for moneys expended by the Philippine Government incident to providing medical care, treatment, and hospitalization to these individuals. Based upon current costs this will amount to approximately \$7 per patient per day maximum. Based on 150 patients the annual cost would be \$383,000. This sum is a maximum inasmuch as the number of patients will decrease and gradually and ultimately disappear.

EXPLANATION OF THE AMENDMENTS

The amendment to section 1 is purely a technical one. The public law contained in 48 Statutes 626 was enacted by the Seventy-eighth Congress rather than the Seventy-sixth Congress.

The amendment to section 3 is intended to make it clear that in the implementation of the program contemplated by the bill the President shall have clear authority to require that hospital costs be kept within reasonable limitations.

RECOMMENDATIONS OF THE DEPARTMENT

This bill is recommended by the Department of Defense, and concurred in by the Bureau of the Budget. The letter from the Assistant Secretary of Defense to the chairman of the Committee on Armed Services dated January 5, 1951, is made a part of this report. There also appears a letter from the Administrator of Veterans' Affairs concerning S. 2858, Eighty-first Congress, dealing with this project, and a memorandum from the Department of the Army showing the estimated cost figures, which will result in an estimated total saving to the United States of approximately \$6,600,000.

ASSISTANT SECRETARY OF DEFENSE,
Washington, D. C., January 5, 1951.

DEAR MR. CHAIRMAN: There is forwarded herewith a draft of legislation "to authorize the President to convey the United States Army Provisional Philippine Scout Hospital at Fort McKinley, Philippines, to the Republic of the Philippines and to assist by grants-in-aid the Republic of the Philippines in providing medical care and treatment for Philippine Scouts hospitalized therein."

This proposal is a part of the Department of Defense legislative program for 1951 and it has been approved by the Bureau of the Budget. The Department of Defense recommends that it be enacted by the Congress.

Purpose of the legislation.—The purpose of this proposed legislation is to provide for the transfer to the Republic of the Philippines of certain hospital equipment in the United States Army Provisional Philippine Scout Hospital at Fort McKinley, Philippines, for the purpose of continuing medical care and treatment of Philippine Scouts who are patients in that hospital. This proposed legislation would also authorize the reimbursement to the Philippine Government of the cost of hospitalization of those Philippine Scouts for a period of not to exceed 5 years.

The Philippine Scouts have been disbanded except for approximately 350 of them who are patients in that hospital. Normally, those remaining patients would be discharged and would be entitled to veterans' benefits. However, under existing law, they are not entitled to receive domiciliary medical care or hospital care because they are not citizens of the United States and because they reside outside the continental limits of the United States, its Territories and possessions.

If they were citizens of the United States, hospitalization could have been provided for them outside the United States under section 4 of Public Law 866, Seventy-sixth Congress, which relates to hospitalization under the Veterans' Administration. Public Law 865, Eightieth Congress, which authorizes the President to furnish aid to the Republic of the Philippines for the construction of a hospital and the payment of expenses in connection therewith, provides relief for substantially all Philippine Scouts except those who became members of the Armed Forces under the Armed Forces Voluntary Recruitment Act of 1945. There is a moral obligation on the part of the United States to provide for the care of those latter Philippine Scouts. This proposed legislation would provide a means of so caring for them.

Legislative references.—S. 2858 and H. R. 6816 were introduced in the Eighty-first Congress to accomplish the result sought by this proposed legislation. Those bills are similar to this proposed legislation except that they would also transfer to the Philippine Government title to the hospital. Inasmuch as title to the

hospital is now in the Republic of the Philippines, the right in the United States to occupy this hospital should be released to the Republic of the Philippines. No statutory authorization is required for the relinquishment of such right of occupancy.

Cost and budget data.—The annual cost of operating the hospital is approximately \$1,500,000. The current appropriations for the Department of the Army contain an amount of \$1,527,040 which is properly allocable to the operation of that hospital. The proposed legislation would obligate the United States in an amount which will initially approximate \$450,000 per year, based upon informal estimates of \$3.50 per day for each of the 350 Philippine Scouts who are patients in the hospital. Nearly all of those patients are hospitalized because of tuberculosis and the number of them is decreasing each month as a result of either recovery or death. It is believed, however, there will be between 50 and 100 of those patients who will require hospitalization and care for several years. In addition to an annual savings in excess of \$1,000,000 a year, this proposed legislation would enable the Department of the Army to release approximately 131 technical and specialized American personnel critically needed for duty elsewhere.

Department of Defense action agency.—The Department of the Army has been designated as the representative of the Department of Defense for this legislation.

Sincerely yours,

MARX LEVA.

VETERANS' ADMINISTRATION,
Washington, D. C., February 9, 1950.

HON. MILLARD E. TYDINGS,
*Chairman, Committee on Armed Services,
United States Senate, Washington, D. C.*

DEAR SENATOR TYDINGS: Further reference is made to the letter of January 23, 1950, from Mr. J. Nelson Tribby, chief clerk, requesting a report by the Veterans' Administration on S. 2858, Eighty-first Congress, entitled, "A bill to authorize the President to convey the United States Army Provisional Philippine Scout Hospital at Fort McKinley, Philippines, to the Republic of the Philippines and to assist by grants-in-aid the Republic of the Philippines in providing medical care and treatment for Philippine Scouts hospitalized therein." A committee print, dated January 24, 1950, containing certain changes in language which may be considered by the committee, was also enclosed.

The purpose of the bill is to authorize the President to transfer without cost to the Republic of the Philippines the United States Army hospital located at Fort McKinley, Philippines, together with all equipment, upon agreement by the Republic of the Philippines to provide medical care and treatment for Philippine Scouts who are under treatment in this hospital on the effective date of the legislation until such Scouts are medically discharged. Subject to a specified priority for such Philippine Scouts it would be provided that the Republic of the Philippines might use this hospital for the medical care and treatment of such other persons as it may determine.

The proposal would also authorize the President, for a period not to exceed 5 years, to furnish aid in the form of grants to reimburse the Republic of the Philippines for moneys expended incident to the hospitalization of the mentioned Philippine Scouts. The President would be specifically authorized to delegate in whole or in part the authority conferred upon him by this proposal to "any officer or officers of the United States."

It was indicated in the letter requesting this report that the committee desires the comments of the Veterans' Administration with particular reference as to (1) whether the program envisaged under S. 2858 can be coordinated with the program authorized under Public Law 865 of the Eightieth Congress, and (2) whether those individuals who enlisted in the Philippine Scouts pursuant to the Armed Forces Voluntary Recruitment Act of 1945, but who are not among the several hundred covered by the provisions of S. 2858, have any status as veterans.

As you know, Public Law 865, Eightieth Congress, approved July 1, 1948, authorizes grants-in-aid to the Republic of the Philippines for the construction and equipping of hospitals in the Philippines to be used exclusively for the medical care and treatment of certain veterans of the Philippine Commonwealth forces, including recognized guerrilla veterans, and, for a period not to exceed 5 years, for expenses incident to the hospitalization of such veterans. Philippine Scouts, including those who would be entitled to continued hospitalization under the provisions of S. 2858, are not covered by the provisions of Public Law 865.

S. 2858 is not based upon a theory of providing hospitalization as a special veterans' benefit for a group of persons who are not entitled, after military discharge, to such benefit under existing law. Rather, it is intended to provide continued hospitalization for a limited number of Philippine Scouts who are still in the military service of the United States and whose hospitalization and medical treatment would normally be continued by the Army. It is understood that the primary purpose of the bill is to facilitate the complete deactivation of the Philippine Scout organization and the substantial withdrawal of the Army from the Philippines in such manner as will insure the continuation of necessary hospital care for those Scouts who, on the effective date of the act, are receiving such care from the Army as an active duty benefit. It is further understood that it would be the purpose of the Army to discharge these persons from the military service if the bill were enacted and put into effect. In this connection, it is noted that the committee print, dated January 24, 1950, contains certain changes in the language describing the group to be covered which are presumably intended to make it clear that there shall be no requirement that the persons identified as Philippine Scouts on the effective date of the act must continue to have such military status throughout the period of the contemplated hospital care.

In view of the peculiar purposes of this proposal and the exceptional problem at which it is directed, there are certain important considerations which are pertinent to any study of the possibility or feasibility of coordinating the program of this bill with the program authorized by Public Law 865. First, such a coordinated program might raise a question of discrimination against other veterans of the United States permanently residing in the Philippines and in other foreign countries who are ineligible for hospital and medical care by the Veterans' Administration by reason of the general provisions of section 4, Public, 866, Seventy-sixth Congress, approved October 17, 1940, which prohibits the furnishing of medical and hospital care by the Veterans' Administration to veterans residing in foreign countries, except that hospital care, including medical treatment, may be furnished to veterans who are citizens of the United States temporarily sojourning or residing abroad, for disabilities due to war service in the Armed Forces of the United States. Since the justification for the program proposed by S. 2858 is based on the theory that it is a measure separate and apart from the general program of benefits for veterans and is necessitated by unique circumstances, then it may well be concluded that the administration of the program should be distinct from and independent of a program of veterans' benefits specifically designated by law as such.

Another consideration which presents itself in connection with possible coordination of the proposed program with the program of veterans' benefits authorized by Public Law 865 is that entitlement to benefits of the latter program depends upon a determination by the Veterans' Administration that the disabilities for which hospitalization is indicated are service-connected, whereas S. 2858 requires no determination with regard to the nature of the disability or the circumstances related to its incurrence or aggravation. Since the bill does provide that the Philippine Scouts under treatment on the effective date of the act shall have priority over all other persons, it is possible that this would result, in some instances, in preferential recognition of an individual whose disability could not be determined to be service-connected under laws administered by the Veterans' Administration. While material significance might not be attached to such eventuality if the proposed program were administered as a matter unrelated to a program of veterans' benefits, it could raise problems if coordination with the program under Public Law 865 were required.

With reference to the question concerning veterans' status of those Philippine Scouts who enlisted pursuant to the Armed Forces Voluntary Recruitment Act of 1945, the attention of the committee is respectfully invited to the provisions of the Second Supplemental Surplus Appropriation Rescission Act, 1946 (Public Law 391, 79th Cong., approved May 27, 1946). Insofar as laws administered by the Veterans' Administration are concerned, title II of that act limits benefits for the mentioned individuals, based upon their service under section 14 of the Recruitment Act, to the payment of compensation on account of service-connected disability or death, with the stipulation that such payments shall be paid at the rate of one Philippine peso for each dollar authorized by the law. Further, the provisions of the National Service Life Insurance Act of 1940, as amended, are made applicable to this group only insofar as such provisions relate to contracts of insurance entered into prior to the effective date of Public Law 391 (May 27, 1946). With particular respect to hospitalization and medical care, both the rescission act and the general prohibitions contained in Public Law 866, Seventy-

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sixth Congress, mentioned above, would exclude Philippine Scout veterans residing in the Philippines, it being assumed that they are not citizens of the United States. Enactment of S. 2858 would not provide additional benefits for Philippine Scouts who are not included among the number who are hospitalized at the Army hospital at Fort McKinley on the effective date of the act.

As requested in Mr. Tribby's letter, it is suggested that he contact Mr. G. H. Birdsall, Assistant Administrator for Legislation (Code 139, ext. 4004) in advance of any hearing on the bill at which testimony from Veterans' Administration witnesses is desired, and arrangements will then be made promptly for the designation and attendance of persons having information in which the committee may be particularly interested.

Advice has been received from the Bureau of the Budget that there would be no objection by that office to the submission of this report to your committee.

Sincerely yours,

CARL R. GRAY, Jr., Administrator.

MAY 2, 1951.

Memorandum for: House Armed Services Committee.
Subject: Provisional Philippine Scout Hospital.
(Attention: Mr. Robert Smart.)

1. In consideration of the total cost to the United States Government for a 5-year period in the event that H. R. 1216 is enacted, the estimates indicated below are submitted. It is desired to point out that the costs are computed based on costs as of the latter part of calendar year 1950. It is anticipated that the costs will vary with the economic trend. The per diem cost furnished by the Philippine Government is not based on full use of the hospital and will be reduced considerably when full operation of the hospital is made.

	Estimated average number to be hospitalized	At \$3.50 per man per day, current private contract cost	At \$7 per man per day, estimated cost furnished by Philippine Government
First year.....	125	\$159,687.50	\$319,375
Second year.....	100	127,750.00	255,500
Third year.....	75	95,812.50	191,625
Fourth year.....	50	63,875.00	127,750
Fifth year.....	25	31,937.50	63,875
Total cost for 5 years.....		479,062.50	958,125

Based on the present annual cost of operation, \$1,527,040, the total cost for a 5-year period will be approximately \$7,635,200. This total estimate will be somewhat reduced as the number of patients are reduced, but not in proportion to the decrease in the number of patients.

2. The above estimates indicate that enactment of H. R. 1216 will accomplish a total saving to the United States Government of approximately \$6,677,075.

J. A. ELTERICH,
Colonel, GSC,
Chief Morale and Welfare Branch
(For the Assistant Chief of Staff, G-1.)